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Proposed Legislation to Establish
a 4-Year Term for the Position of
Administrator of General Services

Statement of
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Before the
Subcommittee on Government
Activities and Transportation
Committee on Government Operations
House of Representatives



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PROPOSED LEGISLATION TO ESTABLISH A 4-YEAR TERM
FOR THE POSITION OF ADMINISTRATOR OF GENERAL SERVICES

SUMMARY OF STATEMENT BY
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In response to a request from the Honorable Cardiss Collins, Chairwoman of the House Subcommittee on Government Activities and Transportation, GAO is highlighting actions that can be taken to improve the overall management of the General Services Administration (GSA).

GAO's review of GSA's management capabilities identified pervasive deficiencies in the areas of executive leadership, human resources management, management information, and executive accountability. Correction of these longstanding deficiencies has been hampered by frequent turnover of administrators.

GAO supports the changes that H.R. 3529 would make relating to the positions of Administrator and Deputy Administrator of General Services. Fixing the term of the Administrator should encourage the appointment of highly qualified people with a commitment and willingness to stay a full term. Requiring that the Deputy Administrator position be filled from the Senior Executive Service as a career appointment should enhance continuity of operations. Elevating both positions to Executive Pay Levels II and III, respectively, would recognize the governmentwide importance of these positions.

It should be recognized, however, that a fixed term is but one step needed to improve the executive leadership within GSA. Governmentwide issues on the qualifications of political appointees and adequacy of executive compensation must also be addressed.

Madam Chairwoman and Members of the Subcommittee:

I am pleased to be here today to talk about actions that can be taken to improve the overall management and effectiveness of the General Services Administration (GSA). I will focus my remarks in three areas. First, the results of our management review of GSA, which was issued on November 6; second, our position on H.R. 3529; and last, our views on the important topics of career versus political appointees and federal compensation, which also influence overall management effectiveness.

Management Review Results

Our review of GSA's management capabilities identified four pervasive deficiencies that pose significant obstacles to effective management control of GSA's widespread operations.

-- The first is executive leadership, which is not as effective as it could be due to frequent turnover in political leaders, lack of involvement by career executives in the planning process, and lack of attention to developing the skills and abilities of senior executives.

-- The second is inconsistent attention to managing human resources, which has contributed to low morale, high turnover in some positions, and insufficient staff development.

-- The third is information problems stemming from outmoded information systems and ineffective information management practices, which have left managers without information they need to manage effectively.

-- The last is weak accountability for executive performance, which also stems from inadequate information as well as non-specific performance objectives.

These are not new deficiencies, they have existed for years. Efforts to correct them, however, have been hampered by frequent turnover of administrators. Over the last 20 years, there have been 17 changes in GSA's chief executive. The average tenure for confirmed administrators has been 26 months. The average drops to 14 months when individuals serving in an acting capacity are included. Indeed, for 5 of the last 20 years, the agency has been led by individuals serving in an acting capacity. Similar instability has occurred among other executive positions. For example, average tenure of deputy administrators since 1969 has been 15 months, and 12 months for Public Buildings Service commissioners.

Our management report focuses on actions that the Administrator can take internally to improve GSA's leadership capabilities. We make recommendations aimed at strengthening strategic planning,

improving performance by holding executives accountable for results, developing and maintaining effective senior executives, and giving managers the information they need to do their jobs. The executive summary of our report is attached.

Position on H.R. 3529 Proposals

Your legislation, which focuses on external actions, is also a step in the right direction toward bringing stability and continuity to GSA's leadership. Setting a 4-year fixed term for the administrator will send a signal to those people identifying candidates and those individuals being considered that Congress views this as an important position requiring a commitment to stay a specific term.

While the 4-year term has the advantage of being conterminous with the President's term, it may not be long enough for an individual to implement new policies and program changes, which can take longer, particularly in improving systems. However, what is most important is to ensure that the individual selected for this position has the proper qualifications in terms of background, experience, and abilities to manage GSA's diversified operations.

We support the proposal that the Deputy Administrator position be filled from the Senior Executive Service as a career appointment.

This would help bring greater continuity to the operations of GSA and move toward building a stronger partnership between GSA's political appointees and career executives.

We also support making the Administrator and Deputy Administrator positions Executive Pay Levels II and III, respectively. This action would elevate these officials to levels equal to their central agency peers in the Office of Personnel Management and recognizes the importance of these positions in operating an effective, efficient government.

Other Concurrent Actions Needed

While establishing a fixed term for the Administrator and the other proposals in this bill are important steps, they alone will not solve GSA's problems. At least two other governmentwide issues will also need to be addressed, namely, the qualifications of political appointees and executive compensation. In testimony before the House Subcommittee on Civil Service on October 26, we said that one of the keys to achieving an administration's policy goals is not necessarily the number of political appointees, but rather their ability to effectively lead and work with career executives. Some of the deficiencies we noted within GSA during our general management review can be attributed, at least in part, to poor interaction between political appointees and career executives. In our opinion, more attention needs to be

placed on finding individuals who, by virtue of their backgrounds, experiences, and skills, are well qualified to carry out the jobs at GSA to which they are appointed, and who are committed to working with the career staff.

Finally, turning to the issue of executive pay, our November 1988 transition report on the public service expressed our concern about the pay problems facing the federal government. The inadequacy of federal compensation seriously affects the government's ability to attract and retain a high-quality workforce. We have said that the pay and benefit structure for political and career employees must be changed. This problem has affected GSA's ability to hire people in some of its technical areas, such as realty and contract specialists. The problem will get worse over the next decade, according to a report--Civil Service 2000--done for the Office of Personnel Management. Until something concrete is done about executive compensation, GSA will continue to experience problems in attracting and retaining executives--particularly appointees who are well-qualified and would be committed to staying for 4 or more years.

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This concludes my prepared testimony, Madam Chairwoman. I will be pleased to answer any questions that you or Members of the Subcommittee may have.

Executive Summary

Purpose

The General Services Administration (GSA) provides the federal government with working space, supplies, telecommunications, and access to major computer technology. GSA's activities get little public attention, but if they are not managed well, the delivery of program services can be impaired.

From GSA's inception in 1949 there have been conflicting views on the best ways to provide the government's housekeeping services. GSA has been caught between the expectation that it use a centralized approach and a view that it issue policy guidance and oversee decentralized operations. The result has been continuing criticism from Congress and GSA's customers—the other federal agencies.

GSA today is at a pivotal juncture. Recent administrators have sought to direct it more towards a policy guidance and oversight role, but there is still no consensus within GSA, the executive branch, or Congress on the desirability of this direction. GAO, however, believes it is the proper way to go, and undertook this review to assess whether GSA's management practices and systems would allow it to successfully complete such a role change and thus improve its performance.

Background

GSA manages a \$2.9 billion building fund, oversees a \$4.8 billion procurement program, and administers excess property transfers of more than \$1 billion. Seventy-nine percent of its fiscal year 1988 funds were expended by the Public Buildings Service (PBS) in acquiring, operating, and maintaining public buildings, and by the Federal Supply Service (FSS) in providing personal property and nonpersonal services, such as supplies, furniture, vehicles, and discount airfares. (See pp. 17-18.)

Operating in a complex and changing environment, GSA has had difficulty balancing its concurrent roles of making policy, providing oversight, and delivering services. Also, GSA's relationships with Congress and the Office of Management and Budget (OMB) foster a high degree of intervention into such operational decisions as building site selection and whether to lease or own facilities. (See p. 29.)

To complicate these conditions, there have been continual changes in GSA's leadership, with 17 administrators or acting administrators during the last two decades. Moreover, GSA resources have been reduced dramatically since 1978, with staffing dropping from 37,600 to 19,800. (See pp. 20, 23 and 32.)

Results in Brief

GSA should not be expected to operate directly all the support services other agencies need to do their jobs well. GSA's role should be to set governmentwide policy and operate activities only where there are demonstrated economic and management advantages to having a central agency involved.

GSA cannot carry out this role successfully, however, unless it can overcome major, continuing management problems, such as limited executive development and inadequate management information, which have prevented it from providing adequate customer support, holding managers accountable, and becoming an effective, well-run agency.

How these problems have affected GSA's performance and ability to change are clearly evident in its two major components—PBS and FSS.

PBS has experienced a serious decline in its ability to provide space to agencies in a timely manner. These problems are compounded by difficulties in shifting its role more towards policy guidance and oversight and away from operations by delegating certain functions to other agencies. Problems include a lack of support for the new role among PBS' career executives; insufficient attention to customer concerns; the absence of a workforce planning process to meet critical staffing needs; and an outdated information system that does not provide executives with needed information.

FSS also is faced with new challenges: competing with the private sector to supply federal agencies, and operating within a congressional authorization to recover all its costs. Although it is too early to assess GSA's efforts, due to the volatile nature of sales activities, the agency needs better trend and comparative analysis information to help it monitor its operations closely. Otherwise, it has little assurance of maintaining a competitive position and still breaking even.

GSA's management recognizes these problems and has begun improvements, such as starting a more active recruiting and training program, implementing a new strategic planning process, developing plans to address PBS' information and space delivery problems, and developing better financial tools to assist FSS in monitoring its costs. These are positive steps, but they are not sufficient to ensure that GSA will successfully accomplish its intended role change and improve its performance.

GSA must establish effective career development programs for its senior executives, devise better measures to link performance with accountability, and improve systems to provide the information needed for making informed decisions. GSA should use these means to continually assess whether its staff has sufficient technical and managerial skills to accomplish a policy-setting and oversight mission.

Principal Findings

Barriers to PBS' Role Change

Changing technologies and the recognition that quality workspace affects performance are reducing agencies' willingness to rely upon GSA as the sole provider of facilities services. GSA recognizes these changes and is trying to shift PBS' role more towards leadership and oversight by delegating certain operational responsibilities to the other agencies. However, several factors undermine PBS' efforts.

- PBS' executives do not fully support giving tenant agencies a greater role in managing their own buildings. There is a continuing belief among PBS executives that GSA can provide building services more economically than the other agencies. (See p. 56.)
- PBS does not emphasize customer service. A 1988 PBS survey found that customers were frustrated because of poor communications and PBS' disregard for their priorities. Customers also were frustrated by a lack of procedural uniformity and consistency among GSA's 11 regional offices. (See pp. 58-59.)
- Regional officials providing services and guidance to federal agencies are not accountable to PBS policymaking officials for their actions or performance. (See pp. 63-64.)
- Human resources issues are adversely affecting service delivery. Space delivery time grew by 28 percent over the past 10 years primarily due to the high turnover in qualified realty specialists. (See p. 75.)
- Information systems do not support the role change. Information is not available to determine the total costs to operate individual facilities or project future leasing requirements reliably. (See pp. 64-67.)

GAO believes that GSA must refocus PBS' role if it is to do its mission effectively. PBS' failures also adversely affect other agencies' ability to do their missions. PBS should focus on governmentwide policy guidance and oversight and helping agencies develop facilities management systems. Operational support must be given in some areas. It should continue, for

example, to acquire and dispose of facilities centrally, and operate some buildings in its inventory. PBS needs a comprehensive plan to refocus its role and to assure that there is clear accountability to measure progress toward its goals. It must clearly define responsibilities, roles, and reporting requirements for GSA and other agencies. (See p. 58.)

FSS Needs Better Information

GSA is changing the way the supply service will operate in the future. One change allows agencies, in most cases, to buy directly from the private sector if GSA prices are not competitive. Congress is letting GSA fund FSS' supply operations from the recovery of all its costs in the prices charged for items sold. (See p. 92.)

To be competitive, GSA needs information to enable it to control its costs and make timely adjustments to operations and prices. Since sales activities are volatile, it is essential that GSA continually monitor and make timely adjustments to its supply operations to improve or eliminate unprofitable elements so as to maintain a competitive position with other suppliers. (See p. 93.)

Management Faces Obstacles in Improving Performance

PBS and FSS performance is influenced heavily by GSA's overall general management environment, which is poorly suited for providing effective services to federal agencies. Four pervasive management deficiencies pose significant obstacles to management control of GSA's widespread operations.

- GSA's executive leadership is not as effective as it could be because of frequent turnover in political leadership, lack of involvement by career executives in the planning process, and problems in developing senior executives. (See pp. 32-35.)
- There is inadequate accountability for executive performance. Sixty-seven percent of the senior executives GAO surveyed said there were problems with accountability. Less than 50 percent of the 1988 performance plans had measurable objectives for customer service or work quality improvements—major problem areas for GSA. (See pp. 40-43.)
- Inconsistent attention to human resources management has contributed to low morale, high turnover in some positions, and insufficient staff training and development. This increases the difficulties GSA faces in acquiring and retaining staff with the technical and managerial skills needed to pursue its evolving roles in carrying out its mission. (See pp. 74-86.)

- Ineffective information management leadership has left GSA with inadequate management information. Consequently, GSA is ill-prepared to measure performance and establish accountability for improved service. (See pp. 89-103.)

Unless GSA is able to reverse a history of ineffective policy implementation and change its management culture, it will be hard put to assume a strong policy guidance and oversight role in managing the government's facilities or maintain a competitive edge in providing supplies. It also will not develop the sound internal management environment needed to confront external influences that tend to intervene in operational decisions.

Recommendations

GAO makes a number of recommendations designed to enable GSA to assume its policy guidance and oversight role more effectively. Key recommendations are to

- Improve the capabilities of senior executives to give continuity and expertise to programs and guide GSA toward assuming an effective leadership and oversight role. (See pp. 49-50.)
- Make the integrated strategic planning process being developed an intrinsic part of GSA's management practices for establishing broad consensus on goals and objectives across the agency. (See p. 49.)
- Establish greater accountability by defining clearer objectives and measures in executives' performance plans and using the ExecuTrac information system to measure and track agency and individual performance. (See p. 49.)
- Create an effective workforce planning system and improve employee training and development. (See p. 85.)
- Create an information environment that will give managers sufficient information to effectively monitor and control GSA's multibillion dollar operations. (See p. 102.)
- Continually monitor supply operations, improve inefficient activities, and remove from inventory commodity items for which there is not a competitive advantage. (See p. 102.)

Special attention needs to be given to GSA's move from a service provider to an overseer of the government's extensive facilities. GSA must develop a plan to shift its focus from operations to a strategic management role. This plan should

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- clearly define the facilities management functions and responsibilities of all participants and require agencies to designate a senior facilities management official to be responsible for setting agency-level facilities policies and goals,
 - identify all management information needed to oversee agencies' facilities management activities, and
 - emphasize a customer focus and quality management within GSA. (See p. 70.)

Agency Comments

GSA generally concurred with GAO's recommendations. In numerous instances, it reported that actions responsive to GAO's recommendations are underway. The challenge facing GSA will be to ensure that its corrective actions receive the sustained management attention needed to produce fundamental management improvement. (See pp. 109-123.)